

Message Text

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TAGS: ETEL, ETRD, SCUL, CA
SUBJECT: NEW PROPOSALS TO SUPPORT THE CANADIAN FILM INDUSTRY

REFS: OTTAWA 10063, DEC. 20, 1977; STATE 307884, DEC. 27,
1977; OTTAWA 10648, DEC. 30, 1977.

1. IN TWO APPARENTLY UNCOORDINATED ACTIONS, THE FINANCE MINISTER IN HIS BUDGET AND THE SECRETARY OF STATE IN A STATEMENT BEFORE A PARLIAMENTARY COMMITTEE EACH ANNOUNCED PLANS ON SUCCEEDING DAYS TO FOSTER FILM PRODUCTION IN CANADA. THE BUDGETARY ACTION WILL MODIFY THE TAX LAW TO ALLOW GREATER FLEXIBILITY UNDER THE CAPITAL COST ALLOWANCE SYSTEM AND EXTEND THE TIME PERIOD IN WHICH TAX INCENTIVES WILL BE AVAILABLE TO FILM PRODUCERS. SECRETARY OF STATE ROBERTS' PROPOSALS ARE DESIGNED TO SHIFT NON-THEATRICAL AND TV FILM PRODUCTION MORE INTO THE PRIVATE SPHERE AND AWAY FROM THE NATIONAL FILM BOARD, CANADIAN BROADCASTING CORPORATION AND OTHER GOVERNMENT AGENCIES.

2. BASED ON DISCUSSIONS WITH CANADIAN AND AMERICAN FILM DISTRIBUTORS, ROBERTS STATED HIS EXPECTATION THAT THEY WILL ACT TO IMPROVE THE DISTRIBUTION OF CANADIAN FILMS DOMESTICALLY AND ABROAD AS WELL AS INSURING GREATER INVESTMENT IN FILMS PRODUCED IN CANADA.

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3. THE SECRETARY OF STATE ALSO REPORTED THAT VARIOUS TAX MEASURES HAVE BEEN CONSIDERED TO PROVIDE FUNDS TO AID CANADIAN FILM PRODUCTION AND DISTRIBUTION. THESE INCLUDED A TAX ON BOX OFFICE RECEIPTS AND A TAX AT THE DISTRIBUTOR'S LEVEL WHICH COULD BE REBATED FOR THE EXHIBITION OF CANADIAN FILMS. HE SAID NO DECISION ON SUCH TAXES HAD YET BEEN

REACHED IN HIS DISCUSSIONS WITH THE FINANCE MINISTER.

4. COMMENT: THE TAX MODIFICATIONS INCLUDED IN THE BUDGET MAKE LITTLE CHANGE IN THE INCENTIVE PLAN. AN ADDITIONAL 60 DAYS DURING WHICH THE TAX INCENTIVES FOR FILMS PRODUCED IN CANADA WOULD BE AVAILABLE HAS BEEN PROVIDED TO ALLOW MORE TIME TO COMPLETE FILMING. THE SECRETARY OF STATE'S PROPOSALS GENERALLY FOLLOW RECOMMENDATIONS INCLUDED IN A RECENT STUDY ON THE FILM INDUSTRY TO PROVIDE MORE OPPORTUNITY TO PRIVATE PRODUCERS. HIS STATED EXPECTATIONS FOR ACTION BY THE FILM DISTRIBUTORS FOLLOW CLOSELY THE ARRANGEMENTS PROPOSED BY THE DISTRIBUTORS (REFTELS). REFERENCE TO TAXES WHICH OBVIOUSLY HAVE NOT OBTAINED THE AGREEMENT OF THE FINANCE MINISTER CAN BE SEEN AS A WARNING TO THE DISTRIBUTORS OF WHAT THEY MIGHT EXPECT IF THEY DO NOT DELIVER ON THEIR PROPOSALS TO PROMOTE THE DISTRIBUTION AND FINANCING OF CANADIAN FILMS.

5. THE EXECUTIVE DIRECTOR OF THE CANADIAN MOTION PICTURE DISTRIBUTORS ASSOCIATION'S INITIAL REACTION WAS THAT HIS ORGANIZATION HAS NO PROBLEMS WITH ROBERTS' PROPOSALS WHICH ARE ESSENTIALLY IN LINE WITH UNDERSTANDINGS THEY HAD REACHED WITH THE SECRETARY OF STATE OVER THE PAST SEVERAL MONTHS.

6. COPIES OF THE SECRETARY OF STATE'S REMARKS ARE BEING POUCHED TO EUR/CAN. ENDERS
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